

STAND. COM. REP. NO. 2627

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 2350  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B.  
No. 2350, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that the amounts received by a contractor of the Patient-Centered Community Care program for the costs or advancement to third party health care providers, pursuant to a contract with the United States Department of Veterans Affairs for the administration of the Patient-Centered Community Care program, are excluded from the state general excise tax.

Your Committee received written comments in support of this measure from TriWest Healthcare Alliance, Inc. The Department of Taxation and the Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that the purpose and mission of the Patient-Centered Community Care program of the United States Department of Veterans Affairs (VA) is to ensure access to high quality, low-cost health care services for veterans. Your Committee believes that this is crucial to ensuring military readiness, national defense, and the safety and welfare of the residents of the State. The VA works with a contractor who will establish and maintain regional networks of health care providers in various regions of the United States by spring of 2014. On behalf of the VA, the contractor will make advances to health care

SB2350 SD2 SSCR LRB 14-1756.doc



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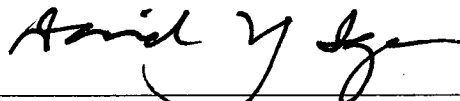
providers, including doctors, hospitals, and other providers, for costs of health care services provided to veterans under the Patient-Centered Community Care program. Using the federal Medicare payment schedule, established by the Centers for Medicare and Medicaid Services, the VA will reimburse the contractor for the costs or advancements made to third party health care providers. Your Committee also finds that some uncertainty may exist about whether the amounts received by a contractor of the Patient-Centered Community Care program for the cost or advancement to third party health care providers, on behalf of the federal government, are subject to the state general excise tax. Your Committee believes that this measure will clarify that these amounts are exempt from the state general excise tax.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2350, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2350, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



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DAVID Y. IGE, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2350, SD1	PSM/HTH, WAM	2-25-14
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
IGE, David Y. (C)	✓	
KIDANI, Michelle N. (VC)	✓	
CHUN OAKLAND, Suzanne	✓	
DELA CRUZ, Donovan M.		✓
ENGLISH, J. Kalani	✓	
ESPERO, Will	✓	
KAHELE, Gilbert	✓	
KEITH-AGARAN, Gilbert S.C.	✓	
KOUCHI, Ronald D.	✓	
RUDERMAN, Russell E.	✓	
THIELEN, Laura H.	✓	
TOKUDA, Jill N.	✓	
SLOM, Sam	✓	
12	0	0
1		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: <i>Michelle N. Kalani</i>		
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report   Clerk's Office   Drafting Agency   Committee File Copy		

\*Only one measure per Record of Votes